



How States Can Use TANF Funds To Help More Residents in Need

By Justin Schweitzer | December 17, 2020

In 2019, almost 3 million people—more than 1 million families—experiencing poverty in the United States benefited from assistance provided under the Temporary Assistance for Needy Families (TANF) program.¹ TANF is part of a continuum of aid programs that help children and adults living in or at risk of poverty afford basic necessities, find work, and survive. Yet because of TANF’s status as a block grant and the program’s strict rules around work requirements and time limits, it is not designed to provide increased assistance quickly in response to heightened levels of unemployment and hardship. Congress can address this in the short term by creating a TANF Emergency Fund with additional money and specific rule changes that allow and incentivize states to increase aid rather than decrease it.

However, an expansion of TANF has not been included in any COVID-19 relief bill passed into law thus far.² It is therefore imperative that states do everything they can to protect the millions of people who are currently facing extreme hardship. States should utilize TANF’s inherent flexibility to maximize spending on programs that can provide the most, and the most efficient, support for low-income families.³ Even without action at the federal level, states can help poor families survive this crisis by making changes to eligibility criteria, benefit levels, and program requirements, as well as increasing spending from TANF reserve funds.

Most states have already made at least some changes to their TANF programs to help their low-income residents in response to the COVID-19 public health and economic crisis. These offer a good starting point but should not be thought as the full scope of what states can do quickly and easily to get aid to struggling households. In the interactive below, readers can select a state to view all of the actions it has taken in regard to TANF since the beginning of the pandemic. Then, read this fact sheet for recommendations on how all states can and should use existing TANF funds to support their residents during the COVID-19 pandemic. For greater detail on these recommendations, read the full issue brief, which is linked at the top of the webpage and in the endnote below.⁴

Distribute TANF reserve funds where they are needed the most

At the end of September 2019, the 50 states and Washington, D.C., had accumulated more than \$6 billion in unspent TANF funds.⁵ Most states have tens of millions of dollars in reserves, and 15 states have more than \$100 million of unspent TANF funds.⁶ Although the creation of a new TANF Emergency Fund by Congress is needed to fully support and meet the current needs of TANF programs and recipients in every state,⁷ any amount of pain that states can alleviate through already accessible funds would be hugely important to affected families.

INTERACTIVE

Changes made to TANF programs during the COVID-19 pandemic by state

Select a state using the dropdown below:

CONNECTICUT

- Cash assistance received during the public health emergency not counted toward the 21-month time limit.¹
- Suspended recoupment of nonfraud overpayments during April and May 2020.²
- Waived in-person interviews.³

▲ [Use the interactive here](#) to see all of the changes your state has made to TANF during the coronavirus crisis.

Prioritize, expand, and boost cash assistance

The decline in TANF cash assistance has caused extreme poverty to become more cyclical and recessions to become more severe, especially for the poorest families.⁸ The average family receiving TANF cash assistance in 2019 saw just \$447 per month, compared with \$572 per month in 1997 after adjusting for inflation.⁹ Cash assistance acts as both a life raft for families struggling to afford basic needs such as food and shelter and an effective anti-recessionary stimulus because those families spend basically all of that aid immediately.¹⁰

Subsidize jobs throughout the labor market

Subsidized job programs could provide unemployed people with steady wages, give struggling businesses the ability to reopen or expand without facing immediately high labor costs, and stimulate local economies through the increased disposable income and spending of subsidized workers and their families. In fewer than two years during the Great Recession, 39 states and Washington, D.C., turned \$1.3 billion from the federal government into more than 260,000 subsidized jobs.¹¹ Even without a new federal mandate, governors can use existing funds to subsidize jobs throughout their state. Industries such as the service sector that disproportionately employ low-wage workers, people of color, and women have been hit hardest by COVID-19-related layoffs,¹² so those are the people who stand to gain the most from a robust, targeted subsidized jobs program.

Utilize nonrecurrent short-term benefits for various assistance programs

With the Centers for Disease Control and Prevention's eviction moratorium expiring at the end of the year,¹³ 30 million to 40 million people are at risk of eviction in the coming months.¹⁴ More than 179 million Americans are at risk of having their water and electricity shut off right as winter approaches due to unpaid bills and expiring moratoriums.¹⁵ By last July, 18 percent of child care providers in the country had closed because of the pandemic, with about 40 percent saying they would have to shutter permanently without significant aid.¹⁶ Without any government assistance, the nation could permanently lose almost 4.5 million licensed child care slots, 49 percent of the pre-pandemic total.¹⁷ Food banks, homeless shelters, domestic violence programs, and more are also in desperate need of additional funds as families run out of savings and relief money dries up.

Consider other technical changes

All operations for TANF agencies should be shifted to online- or phone-only until the public health emergency is over. The 12 remaining states that still place family caps on TANF benefits should move quickly to eliminate those caps and retroactively provide the rightful benefits to families hurt by this policy.¹⁸ States should also issue a blanket order to temporarily pause all child support cooperation requirements. At the very least, they should tell caseworkers to grant a good-cause exemption to any person who requests one during the pandemic.

Suspend all work and work-search requirements and sanctions

Unemployed workers shouldn't be faulted and penalized because the pandemic caused a seriously contracted job market and unsafe working conditions. The U.S. Department of Health and Human Services put out guidance indicating it will treat COVID-19 as a natural disaster in order to grant relief from penalties to any state that does not meet work participation rate requirements.¹⁹ States should use this opportunity to help their residents.

Freeze lifetime-use limits and recertification determinations

No one should live under the threat of exhausting their benefits during the pandemic. States are bound by federal law to set lifetime-use limits for receiving cash assistance from federal TANF funds,²⁰ with some small exceptions, at no longer than 60 months,²¹ but many have set much shorter limits.²² All benefits received from TANF throughout this economic downturn should not be counted toward time limits, and states should look to provide cash assistance using maintenance-of-effort funds for affected families who had previously passed their lifetime limit for TANF support. Every state should also automatically renew or extend TANF benefits by six months for every case review that comes up until the public health and economic crisis has passed.

Increase TANF's income threshold, and base eligibility on expected income

With potentially more than 13 million people set to lose unemployment benefits if Congress ever lets the CARES Act programs expire,²³ quickly signing up more people for benefits is all the more urgent. With so many people and families already struggling to afford food and keep up with the bills, the expiration of other benefits keeping households and local economies afloat should compel states to make expanding eligibility for TANF assistance a key priority. Letting people use expected income instead of the past month's income when applying could also speed up families' access to benefits.

Allow childless adults to sign up for TANF, at least during the recession

Even if a person is legally classified as a childless adult, they often support other people, including noncustodial children and elderly parents or other family members.²⁴ They can be soon-to-be parents²⁵ or have a disability that prevents them from working.²⁶ All of these situations create additional needs for which the current TANF program, which limits its support to adults with custodial children or child-only cases, does not provide.

Consider other eligibility changes

States should look to speed up the processing of benefits for people in need through actions such as automatic enrollment or qualification based on applications for or receipt of other benefits programs. Also, removing or suspending asset limits for TANF recipients would ease the fear of losing benefits just because one has a little bit in savings.²⁷ Finally, states should include or increase child support pass-throughs and disregards in their TANF programs, which would keep more money in the hands of families who need it.

Conclusion

Right now, every level of government should be doing everything in its power to get struggling people and families what they need to survive this crisis. TANF alone, especially without a new Emergency Fund from Congress, will not be enough to fully meet that need, but the program in its current form can and should still be used by state and local governments in much more efficient and helpful ways to send money to the places and households that need it most.

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Endnotes

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